

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/CORP FRANCHISE: Exempts the first \$150,000 of taxable capital from corporate franchise taxation and eliminates the minimum amount of the tax.

DIGEST

Present law requires every corporation to pay an annual tax at the rate of \$1.50 for each \$1,000 on the first \$300,000 of taxable capital and at the rate of \$3.00 for each \$1,000 of taxable capital which exceeds \$300,000. In any case, they must pay a minimum tax of not less than \$10 per year.

Proposed law deletes the annual minimum tax, requiring all corporations to pay only an initial tax of \$10 in the first accounting period or fraction in which they become subject to the tax or would have become subject to the tax, beginning January 1, 2010.

Proposed law otherwise retains the tax rate above for corporations whose taxable capital exceeds \$150,000, but for corporations whose taxable income is \$150,000 or less, provides that:

1. For taxable periods beginning during calendar year 2011, they pay an annual tax at the rate of \$1.00 for each \$1,000 of taxable capital.
2. For taxable periods beginning during calendar year 2012, 50 cents for each \$1,000.
3. For all taxable periods beginning after January 1, 2013, corporations whose taxable capital is \$150,000 or less are exempt from the payment of the corporate franchise tax except for the initial payment of \$10.

Effective for all taxable periods beginning on or after Jan. 1, 2010.

(Amends R.S. 47:601(A) and 611)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Changes the bill from exempting the first \$300,000 of taxable capital to exempting the first \$150,000 of taxable capital.
2. Provides that the rate of the tax shall be \$1.50 for each \$1,000 on taxable capital that exceeds \$150,000 but is less than or equal to \$300,000.
3. Changes the minimum tax of \$10 for newly taxable corporations to an initial tax of newly taxable corporations.
4. Changes the effective date from effective upon signature of the governor to effective for all taxable periods beginning on or after Jan. 1, 2010.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs
to the engrossed bill.

1. Changes the proposed law from an exemption for all corporations on the first \$150,000 of taxable capital and a reduction capital between \$150,000 and \$300,000 from \$3.00 to \$1.50 for each \$1,000, to a phase-out of the tax only for corporations whose taxable capital is \$150,000 or less.